

January 13, 1983

The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

I am writing to register my opposition to and concern about published reports of Administration plans to freeze the pay of active federal employees and military personnel in fiscal year 1984 and to alter the civil service retirement fund by raising the retirement age and by increasing the employees' pension contribution.

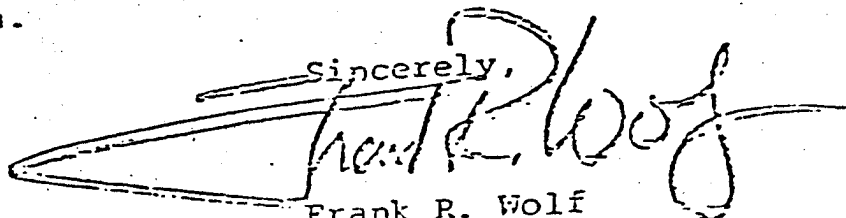
I believe the fairest way to balance the budget is to make reforms and develop legislation which treats everyone as equally as possible and make decisions on an across-the-board basis. I am sure that Congress is cognizant of the magnitude of the budget problems this country is facing and will be willing to work with you on this basis to ensure fairness throughout this process.

The essence of good legislation is fairness and I believe these reported proposals would be unfair to a group of individuals who have been the constant target of budget cuts during the past seven years -- federal and military employees. In the past year, federal employees have been subject to the imposition of a 1.3 percent medicare tax, 24 percent increase in federal health insurance premium costs and a cost of living pay raise of 4 percent during a period when inflation reached 6 percent. Couple this with proposals to freeze pay, increase the pension contribution from 7 percent to 11 percent, raise the retirement age, commence payment into Social Security and another increase in health benefits premiums and we will ensure that the morale, productivity and efficiency of space shuttle astronauts, FBI agents, NIH cancer researchers, and federal employees throughout the government will be totally undermined. It is unfair to single out America's public servants and ask them to make sacrifices which others are not being asked to make. Those individuals are the people on whom effective government depends in implementing the policies so crucial to the success of this Administration's programs. Federal employees deserve better treatment than this and the American public, which depends on the services rendered by these civil servants, deserves better than this.

Secondly, I question the savings that such proposals are designed to achieve. I do not believe that raising the pension contribution formula of civil servants which requires government to match the contribution can be viewed as a means to save money in the federal budget. In FY'83, the government's contribution to the civil service retirement fund will amount to \$19 billion. Using this figure, to increase this contribution by the eventual 4 percent would cost the federal budget \$26.6 billion in 1982 dollars. With assets of close to \$100 billion, this retirement system is clearly on a sound foundation at the present time and such tampering would also result in false economies.

I would like to urge your reconsideration of such proposals prior to this budget's submission to the Congress. Thank you for your consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "Frank R. Wolf", with a large, sweeping flourish extending to the right.

Frank R. Wolf  
Member of Congress

FRW:sjb

# NEWS

FOR RELEASE  
WEDNESDAY, JULY 1, 1981

FOR INFORMATION  
Patrick S. Korten

1. Ch on  
2. DATE

## OPM RELEASES RESULTS OF FIRST FULL SCALE COMPARISON OF EMPLOYEE BENEFITS IN PRIVATE, FEDERAL SECTORS

(Washington, D.C.) — Culminating seven years of study and development work, the U.S. Office of Personnel Management has completed the first full scale comparison of private and Federal employee benefits.

A major effort to design, develop and test a method of surveying and evaluating the benefits provided to private sector workers had begun in 1974. The effort has now been completed by OPM, and the report released today will be the first in a series offering a comparison of benefits on a continuing basis with those provided to Federal employees.

The survey shows that, as of October 1980, the Federal benefits package was 4.7% ahead of average non-Federal benefits. Most of the advantage came in retirement benefits, the area where the Federal employee enjoys his greatest advantage over the private employee. Federal retirement benefits total 28.2% of pay (the amount the employer pays into a fund to finance the benefits, excluding employee contribution), while private retirement benefits, including Social Security, total 16.7%. There are several reasons for the difference, the most important being an earlier allowable retirement age for Federal workers (55 years of age after 30 years), and the fact that Federal annuities are fully indexed for inflation. Very few private pension plans have such a feature.

In other areas, private sector employees tend to have an advantage. Life insurance benefits represent .5% of pay for the private sector worker, as opposed to .3% for the Federal worker. Private firms typically pay a larger share of premium cost.

CSR  
Contribution  
Employee  
7%  
Kort  
28.2%

-more-

Although Federal and private sector workers generally receive comparable benefits from their health insurance plans, private employers generally pay a greater share of the premium cost. Thus, the value of health insurance coverage provided to the Federal worker is \$760 per employee per year, while the private worker receives a benefit equal to \$1045 per employee per year.

Secondary benefits also favor the private sector employee, where such benefits total 5.5% of pay. This represents the combined value of such benefits as profit sharing, stock purchase plans, savings and thrift plans, bonuses, employee discounts on company products, employer-furnished autos, educational assistance, etc. For Federal workers, such benefits total only .3% of pay.

Private sector workers put in slightly fewer hours on the job than Federal workers, 2062 per year as against 2080. The standard Federal work week is 40 hours, while some companies in private industry have 35 or 37½ hour weeks. But Federal employees get more time off (holidays, annual leave, sick leave and paid rest periods) than private workers, 367 hours per year for Federal workers, 360 for private sector employees.

The "standardized cost" method used to compute these figures eliminates differences in values for benefits caused by differences in the characteristics of the work forces being compared, employer financing procedures, or economic assumptions, etc. Only the actual benefit provisions themselves influence the final valuations.

A four page summary of the survey results is available on request from the Office of Public Affairs, OPM.

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Grps: OPM-125, OPA-3-8, OPA-26, OPA-67